

Foreign Exchange Developments

August 2009

i) Memorandum of Instructions governing money changing activities

In terms of paragraph (C) 4 of Annex-I to the circular on Memorandum of Instructions governing money changing activities, issued vide A. P. (DIR Series) Circular No. 57 [A.P. (FL/RL Series) Circular No. 04] dated March 9, 2009, ADs Category - I/ ADs Category - II/ FFMCs are required to obtain certain documents, including a conduct certificate from the local police authorities, while conducting the due diligence of their agents/ franchisees.

2. It has been brought to the Reserve Bank's notice that Authorised Persons have been experiencing difficulties in obtaining conduct certificate from local police authorities in respect of agents/ franchisees, which are incorporated entities. Accordingly, the existing requirement has been reviewed and ADs Category - I/ ADs Category - II/ FFMCs have been permitted to accept certified copy of the Memorandum and Articles of Association and Certificate of Incorporation in lieu of conduct certificate from the local police authorities, in respect of agents/ franchisees, which are incorporated entities. All other provisions of paragraph (C) 4 of the Annex-I to the aforementioned circular shall remain unchanged. Accordingly, Item No. 6 of the Form RMC-F in Annex-IV of the circular may suitably be modified for corporate franchisees.

[A. P. (DIR Series)
Circular No. 6 dated August 3, 2009]
[A. P. (FL/RL Series) Circular No. 1]

ii) Exim Bank's Line of Credit of USD 17.34 million to the Government of Lao People's Democratic Republic

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated February 20, 2009 with the Government of Lao People's Democratic Republic making available to the latter, a Line of Credit (LoC) of USD 17.34 million (USD

seventeen million three hundred and forty thousand) for financing eligible goods and services including consultancy services from India pertaining to inputs for development of irrigation schemes in the Chamassack Province to be executed by Water and Power Consultancy Services (WAPCOS) (India) Limited in Lao PDR.

[A. P. (DIR Series) Circular No. 7 dated August 18, 2009]